THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE REGULATION OF THE PURCHASED GAS ADJUSTMENT CLAUSE CONTAINED WITHIN THE RATE SCHEDULES OF GLENWOOD ENERGY OF OXFORD, INC.	**CASE NO. 21-210-GA-GCR**
IN THE MATTER OF THE UNCOLLECTIBLE EXPENSE RIDER OF GLENWOOD ENERGY OF OXFORD, INC.	**CASE NO. 21-310-GA-UEX**
IN THE MATTER OF THE PERCENTAGE OF INCOME PAYMENT PLAN RIDER OF GLENWOOD ENERGY OF OXFORD, INC.	**CASE NO. 21-410-GA-PIP**

OPINION AND ORDER

Entered in the Journal on March 9, 2022

I. SUMMARY

{¶ 1} The Commission adopts the stipulation and recommendation filed by the parties on January 13, 2022, and as clarified on March 4, 2022, resolving all issues relating to the gas cost recovery, uncollectible expense, and percentage of income payment plan audits of Glenwood Energy of Oxford, Inc.

II. PROCEDURAL BACKGROUND

{¶ 2} Glenwood Energy of Oxford, Inc. (Glenwood or Company) is a natural gas company, as defined by R.C. 4905.03, and a public utility, as defined by R.C. 4905.02, and, as such, is subject to the jurisdiction of this Commission.

{¶ 3} Further, Glenwood is also a natural gas company within the meaning of R.C. 4905.302(C) and, as such, Glenwood implements a purchased gas adjustment mechanism. Pursuant to R.C. 4905.302(A)(1), the purchased gas adjustment mechanism allows a gas company or natural gas company to adjust the rates that it charges customers in accordance

with any fluctuation in the cost the company incurs for the gas that it sells to customers. To facilitate the purchased gas adjustment mechanism and the audit of the mechanism, the rules contained in Ohio Adm.Code Chapter 4901:1-14 direct that the jurisdictional cost of gas be separated from all other costs incurred by a gas or natural gas company and provide for each company's recovery of the gas costs.

{¶ 4} R.C. 4905.302 and Ohio Adm.Code 4901:1-14-07 provide that the Commission shall conduct, or cause to be conducted, periodic audits of each gas or natural gas company under the Commission's jurisdiction. Such audits shall review each company's compliance with the gas cost recovery (GCR) mechanism as delineated in Ohio Adm.Code Chapter 4901:1-14.

{¶ 5} Ohio Adm.Code 4901:1-14-08 provides that the Commission shall hold a public hearing at least 60 days after the filing of each GCR audit report required under Ohio Adm.Code 4901:1-14-07. Ohio Adm.Code 4901:1-14-08(C) specifies the requirement for notice of a GCR hearing, which each company should cause to be published between 15 and 30 days prior to the date set for its hearing. The notice may be provided by publication of a display ad in a newspaper (in a section other than the legal notice section), bill message, bill insert, or direct mailing to the customers.

{¶ 6} In addition to an audit of the GCR mechanism, these combined proceedings also address Glenwood's uncollectible expense (UEX) and percentage of income payment plan (PIPP) riders, which were established when the Commission approved an agreement between Glenwood (then known as Oxford Natural Gas Company), the city of Oxford, and Staff in 2007. *In re Oxford Natural Gas Co.*, Case No. 06-350-GA-CMR, et al., Opinion and Order (Sept. 19, 2007).

{¶ 7} By Entry issued January 27, 2021, the Commission initiated these proceedings; found that Glenwood's UEX and PIPP riders should be audited in the course of the Company's GCR audit; established the financial audit periods for the GCR mechanism and UEX and PIPP riders; set the due date by which the financial audit reports must be filed;

and directed that Staff conduct the required audits pursuant to Ohio Adm.Code 4901:1-14-07. The January 27, 2021 Entry also scheduled these matters for a public hearing to be held on January 18, 2022, and directed Glenwood to publish notice of the hearing pursuant to Ohio Adm.Code 4901:1-14-08(C). The Commission further stated that additional details and instructions regarding access to the hearing and the specific form of the hearing notice would be provided by future entry.

{¶ 8} Staff filed the Company's GCR, UEX, and PIPP audit reports, in the appropriate docket, on November 19, 2021.

{¶ 9} On January 11, 2022, Glenwood filed its proof of publication of notice of the public hearing, consistent with Ohio Adm.Code 4901:1-14-08(C). The filing states that Glenwood notified its customers through a bill message on bills that were issued to customers on January 3, 2022.

{¶ 10} On January 13, 2022, Glenwood and Staff filed a Stipulation and Recommendation (Stipulation) for the Commission's consideration (Joint Ex. 1).

{¶ 11} The hearing was called, as scheduled, on January 18, 2022. Glenwood offered into evidence its proof of publication (Co. Ex. 1). Staff offered into evidence the Stipulation (Joint Ex. 1), as well as Glenwood's GCR audit report (Commission Ordered Ex. 1), UEX audit report (Commission Ordered Ex. 2), and PIPP audit report (Commission Ordered Ex. 3). All exhibits were admitted to the record (Tr. at 11, 16). Richard Perkins, on behalf of Glenwood, and Tornain Matthews, on behalf of Staff, testified in support of the Stipulation. No member of the public appeared or offered testimony (Tr. at 5).

{¶ 12} On March 4, 2022, Glenwood and Staff filed a letter of clarification regarding the Stipulation in the dockets. The letter states that Glenwood and Staff agree that, if Glenwood fails to file an application to adjust its UEX rider within 30 days of the Commission's Order in these proceedings, Glenwood will, without a Commission Order,

cease accruing carrying charges on the under-recovered balance until the UEX rate is updated.

III. DISCUSSION

A. *Summary of the Audit Reports*

1. GCR AUDIT REPORT

{¶ 13} The financial audit of Glenwood's GCR mechanism was conducted by Staff in accordance with the objectives outlined in Ohio Adm.Code Chapter 4901:1-14. In the audit report, Staff noted that it examined Glenwood's filings, reviewed data responses, and conducted investigative interviews for the period of January 1, 2019, through December 31, 2020. Staff stated that, except for two areas, Glenwood accurately calculated its GCR rates for those periods under investigation in accordance with the uniform purchased gas adjustment as set forth in Ohio Adm.Code Chapter 4901:1-14 and related appendices. Specifically, Staff recommends an actual adjustment of ($450) for an over-collection and a balance adjustment of $1,557 for an under-collection. (Commission Ordered Ex. 1 at 1-2.)

2. UEX AUDIT REPORT

{¶ 14} Staff reviewed Glenwood's UEX recovery mechanism for the period of January 1, 2019, through December 31, 2020. Staff found several PIPP customer account balances were incorrectly placed into the UEX account and recommends an adjustment to reduce the write-offs for 2019 by $5,901.19, as well as a reduction of the carrying charges by $623.93. Staff noted no exceptions in the Company's calculations of its write-offs and recovery. Further, Staff notes that, in the Company's previous UEX audit, the Commission ordered Glenwood to file an application to adjust its UEX rate. *In re Glenwood Energy of Oxford, Inc.*, Case No. 19-310-GA-UEX, et al., Opinion and Order (Apr. 8, 2020) at ¶ 26. Glenwood did not file a UEX application as directed by the Commission. Accordingly, Staff recommends that Glenwood file an application to adjust its UEX rider rate within 30 days of the Commission's Order in these proceedings or, in the alternative, the Commission

require Glenwood to cease accruing carrying charges on the under-recovered balance until the UEX rate is updated. (Commission Ordered Ex. 2 at 3-5.)

3. PIPP AUDIT REPORT

{¶ 15} Staff reviewed Glenwood's PIPP recovery mechanism for the period of January 1, 2019, through December 31, 2020, and proved the mathematical accuracy in the Company's calculations of its deferred PIPP balances, arrearage credits, write-offs, and the arrearage forgiveness program during the audit period. Staff reviewed arrearages by month for each PIPP customer during the audit period and recommends an adjustment by $460.79 excluding carrying costs, which results in a year ending balance for 2020 of ($15,362.41). Staff found that Glenwood correctly calculated and applied PIPP Recovery Adjustments to all eligible customers. (Commission Ordered Ex. 3 at 2-5.)

B. Summary of the Stipulation

{¶ 16} As stated previously, a Stipulation signed by Glenwood and Staff (Signatory Parties) was filed in these proceedings on January 13, 2022. The Stipulation was intended by the Signatory Parties to resolve all outstanding issues in these proceedings. The following is a summary of the provisions agreed to by the Signatory Parties and is not intended to replace or supersede the Stipulation:

(1) The Signatory Parties agree that, except as noted in the audit report, Glenwood's GCR rates were accurately calculated during the audit period, in accordance with Ohio Adm.Code Chapter 4901:1-14. All findings and recommendations contained in the GCR audit report are reasonable and should be adopted, including reconciliation adjustments for an over-collection of ($450) in the actual adjustment and an under-collection of $1,557 in the balance adjustment. (Joint Ex. 1 at 3-4.)

(2) The Signatory Parties agree that Glenwood shall file all updated city ordinances with the Commission once they become effective (Joint Ex. 1 at 4.)

(3) The Signatory Parties agree that, except as noted in the audit report, the UEX rates were accurately computed. All findings and recommendations contained in the UEX audit report are reasonable and should be adopted, including reducing Glenwood's December 2020 ending balance by $6,525.12, to an under-collected balance of $78,918.43. (Joint Ex. 1 at 4-5.)

(4) The Signatory Parties agree that Glenwood should file an application to adjust its UEX rider rate within 30 days of the Commission's Order in these proceedings, or in the alternative, the Commission should require Glenwood to cease accruing carrying charges on the under-recovered balance until such time that the UEX rate is updated (Joint Ex. 1 at 5). In their correspondence filed on March 4, 2022, the Signatory Parties clarify and agree that, if Glenwood fails to file an application to adjust its UEX rider within 30 days of the Commission's Order in these proceedings, Glenwood will, without a Commission Order, cease accruing carrying charges on the under-recovered balance until the UEX rate is updated.

(5) The Signatory Parties agree that, except as noted in the audit report, the PIPP rates were accurately computed during the audit period. All findings and recommendations contained in the PIPP audit report are reasonable and should be adopted, including reducing Glenwood's over-collected PIPP arrearage balance as of December 31, 2020, to ($15,362.41). (Joint Ex. 1 at 6.)

C. Consideration of the Stipulation

{¶ 17} Ohio Adm.Code 4901-1-30 authorizes parties to Commission proceedings to enter into a stipulation. Although not binding upon the Commission, the terms of such an agreement are accorded substantial weight. *Consumers' Counsel v. Pub. Util. Comm.*, 64 Ohio St.3d 123, 125, 592 N.E.2d 1370 (1992), citing *Akron v. Pub. Util. Comm.*, 55 Ohio St.2d 155, 157, 378 N.E.2d 480 (1978). This concept is particularly valid where the stipulation is

unopposed by any party and resolves all issues presented in the proceeding in which it is offered.

{¶ 18} The standard of review for considering the reasonableness of a stipulation has been discussed in a number of prior Commission proceedings. *See, e.g., Dominion Retail, Inc. v. The Dayton Power & Light Co.*, Case No. 03-2405-EL-CSS, et al., Opinion and Order (Feb. 2, 2005); *In re Cincinnati Gas & Elec. Co.*, Case No. 91-410-EL-AIR, Order on Remand (Apr. 14, 1994); *In re Ohio Edison Co.*, Case No. 91-698-EL-FOR, et al., Opinion and Order (Dec. 30, 1993); *In re Cleveland Elec. Illum. Co.,* Case No. 88-170-EL-AIR, Opinion and Order (Jan. 31, 1989). The ultimate issue for our consideration is whether the agreement, which embodies considerable time and effort by the signatory parties, is reasonable and should be adopted. In considering the reasonableness of a stipulation, the Commission has used the following criteria:

(1) Is the settlement a product of serious bargaining among capable, knowledgeable parties?

(2) Does the settlement, as a package, benefit ratepayers and the public interest?

(3) Does the settlement package violate any important regulatory principle or practice?

{¶ 19} The Supreme Court of Ohio has endorsed the Commission's analysis using these criteria to resolve issues in a manner economical to ratepayers and public utilities. *Indus. Energy Consumers of Ohio Power Co. v. Pub. Util. Comm.*, 68 Ohio St.3d 559, 561, 629 N.E.2d 423 (1994), citing *Consumers' Counsel* at 126. The Court stated in that case that the Commission may place substantial weight on the terms of a stipulation, even though the stipulation does not bind the Commission.

{¶ 20} Glenwood witness Richard Perkins, who is the Chief Financial Officer, Treasurer, and a Board Member of Glenwood, testified that the Stipulation satisfies each part of the Commission's three-part test. Specifically, Mr. Perkins testified that the

Stipulation benefits customers and the public interest by providing a better and more accurate determination of the balances owed. Mr. Perkins testified that he has been an officer of Glenwood since 2007 and has participated in negotiations of the stipulations involving Glenwood's GCR since that time. Additionally, Staff witness Tornain Matthews, who is a Utilities Specialist for the Commission, testified that the Stipulation satisfies each part of the Commission's three-part test. Specifically, Mr. Matthews stated that Staff conducted the audits to verify costs incurred by the utility to ensure that costs are accurately reflected in rates. Mr. Matthews stated that, where Staff found discrepancies during the audit, Staff recommended adjustments to ensure that the customers are only paying the costs that they should be paying and nothing more. (Tr. at 9-10, 14-15.)

{¶ 21} After reviewing the evidence of record in these matters, the Commission finds that the Stipulation is supported by adequate information, that it represents a just and reasonable resolution of the issues raised in these proceedings, and that it violates no important regulatory principle or precedent. Further, we find that the Stipulation is a product of serious bargaining involving knowledgeable and capable parties in a cooperative process and was undertaken by parties representing the public and the utility company's interests to resolve the aforementioned issues. In view of these findings, the Commission concludes that the Stipulation should be approved and adopted in its entirety. In addition, except as otherwise noted herein, we find that Glenwood accurately calculated its GCR, UEX, and PIPP rider rates for the applicable audit period. In accordance with Staff's recommendation and the Stipulation, as clarified in the March 4, 2022 correspondence, Glenwood shall file an application to adjust its UEX rider rate within 30 days of the Commission's Order in these proceedings. If the Company fails to do so, Glenwood shall immediately cease collecting carrying charges on the under-recovered UEX balance until such time that the UEX rate is updated.

IV. FINDINGS OF FACT AND CONCLUSIONS OF LAW

{¶ 22} Glenwood is a natural gas company, as defined in R.C. 4905.03, and a public utility, as defined in R.C. 4905.02. As such, Glenwood is subject to the jurisdiction of this Commission.

{¶ 23} By Entry dated January 27, 2021, the Commission initiated Glenwood's GCR, UEX, and PIPP audits.

{¶ 24} On November 19, 2021, Staff filed the audit report of Glenwood's GCR mechanism, as well as its audit reports for the Company's UEX and PIPP riders.

{¶ 25} On January 11, 2022, Glenwood filed its proof of publication of notice of the public hearing in the bills sent to its customers on January 3, 2022.

{¶ 26} On January 13, 2022, Glenwood and Staff filed the Stipulation in these matters.

{¶ 27} A hearing was called on January 18, 2022.

{¶ 28} The Stipulation submitted by Glenwood and Staff in these cases meets the criteria used by the Commission to evaluate stipulations, represents a just and reasonable resolution of the issues in these proceedings, and should be adopted.

{¶ 29} Except as otherwise noted herein, Glenwood accurately calculated its GCR, UEX, and PIPP rider rates for the applicable audit period.

V. ORDER

{¶ 30} It is, therefore,

{¶ 31} ORDERED, That the Stipulation, as clarified in the March 4, 2022 correspondence, be adopted and approved. It is, further,

{¶ 32} ORDERED, That Glenwood take all necessary steps to carry out the terms of the Stipulation and this Opinion and Order. It is, further,

{¶ 33} ORDERED, That nothing in this Opinion and Order shall be binding upon this Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

{¶ 34} ORDERED, That a copy of this Opinion and Order be served upon all parties and interested persons of record.

COMMISSIONERS:
Approving:
Jenifer French, Chair
M. Beth Trombold
Lawrence K. Friedeman
Daniel R. Conway
Dennis P. Deters

JWS/GNS/mef

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Case No(s). 21-0210-GA-GCR, 21-0310-GA-UEX, 21-0410-GA-PIP

Summary: Opinion & Order adopting the stipulation and recommendation filed by the parties on January 13, 2022, and as clarified on March 4, 2022, resolving all issues relating to the gas cost recovery, uncollectible expense, and percentage of income payment plan audits of Glenwood Energy of Oxford, Inc. electronically filed by Heather A. Chilcote on behalf of Public Utilities Commission of Ohio